

Message Text

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TO AMEMBASSY BELGRADE

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STADIS//////////

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TAGS: BEXP, AFSP, YO

SUBJECT: YUGOSLAVIA'S STATUS AS A CCP COUNTRY

REF: (A) BELGRADE 6328 STADIS

(B) STATE A-7369

1. SUMMARY. DEPARTMENT HAS BEEN CONSIDERING VARIOUS FACTORS WHICH WOULD BE RELEVANT IF POST WERE TO RECOMMEND FORMALLY THAT A COMMERCIAL ACTION PROGRAM (CAP) BE PREPARED FOR YUGOSLAVIA INSTEAD OF THE COUNTRY COMMERCIAL PROGRAM (CCP) (REFTEL A). WE HAVE NOT REPEAT NOT DISCUSSED SUCH A PROPOSAL WITH COMMERCE AND QUESTION WHETHER IT WOULD BE DESIRABLE TO OPEN SUCH A DISCUSSION AT THIS TIME. END SUMMARY.

2. BACKGROUND. THE CAP'S, AS THEY HAVE BEEN DEVELOPED BY POSTS IN LATIN AMERICA ARE ESSENTIALLY THE CAMPAIGN
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PORTIONS OF A CCP WITHOUT THE RESOURCE ALLOCATION TABLES.

THE SIX LATIN AMERICAN MARKETS IN WHICH COMMERCE'S OFFICE OF INTERNATIONAL MARKETING (OIM) IS PREPARED TO DEVOTE THE GREATEST EXPORT PROMOTION EFFORT (I.E., OIM'S PERSONNEL AND FINANCIAL RESOURCES) WERE ESTABLISHED AS CCP COUNTRIES. EMBASSIES IN OTHER COUNTRIES IN LATIN AMERICA, WITH MINOR EXCEPTIONS, WRITE CAPS. A CAP SERVES AS A POST'S OWN

MANAGEMENT DOCUMENT FOR ITS COMMERCIAL PROGRAM AND REQUIRES ONLY MODEST COMMERCE DEPARTMENT RESOURCES, IF ANY, FOR THE SUCCESSFUL ACHIEVEMENT OF THE CA, CAMPAIGN GOALS.

3. THE RELATIVELY HIGH LEVEL OF RESOURCES BEING INVESTED BY THE EMBASSY IN TRADE PROMOTION IN YUGOSLAVIA APPEARS TO WARRANT A CCP RATHER THAN A CAP AS A MANAGEMENT DOCUMENT, REGARDLESS OF THE LEVEL OF COMMERCE INPUTS.

4. YUGOSLAVIA, BY THE NATURE OF THE MARKET AND FOR POLITICAL REASONS, FALLS FOR TRADE PROMOTION PURPOSES WITHIN THE PURVIEW OF OIM IN THE BUREAU OF INTERNATIONAL COMMERCE, NOT THE BUREAU OF EAST-WEST TRADE. THIS HELPS TO ACCOUNT FOR A NUMBER OF DIFFERENCES IN THE RESOURCE ALLOCATION AND EVENT PLANNING PROCEDURES FOR TRADE PROMOTION IN YUGOSLAVIA, AS DISTINGUISHED FROM POLAND AND OTHER EASTERN EUROPEAN MARKETS. STATE WOULD NOT REPEAT NOT BE PREPARED TO SUPPORT AN APPROACH TO THE CCP VERSUS CAP QUESTION WHICH WOULD HAVE AS ITS PRINCIPAL RESULT THE TREATMENT OF YUGOSLAVIA BY COMMERCE ON THE SAME BASIS AS EASTERN EUROPE. END BACKGROUND.

5. DEPARTMENT NOTES THAT FY-76 WAS THE FIRST YEAR FOR WHICH A CCP WAS PREPARED FOR YUGOSLAVIA. WE ASSUME THAT CERTAIN ECONOMIES CAN BE ACHIEVED IN THE SECOND GENERATION NOW THAT THE INITIAL DATA BASE HAS BEEN ESTABLISHED.

EXPERIENCE ELSEWHERE HAS SHOWN THAT POSTS HAVING LAUNCHED THE CCP PROCESS HAVE BEEN ABLE TO DRAW ON THE EXPERIENCES OF THE FIRST YEAR TO RATIONALIZE AND ECONOMIZE IN THE MANAGEMENT OF THE PROGRAM IN SUBSEQUENT YEARS. FURTHER ECONOMIES ARE ANTICIPATED UNDER THE PROCEDURES SET FORTH

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IN REF B.

6. DEPARTMENT THUS CONCLUDES THAT NET SAVINGS ATTAINABLE BY SHIFTING FROM A CCP TO A CAP AND DIRECTLY ATTRIBUTABLE TO THAT SHIFT WOULD BE CONSIDERABLY LESS THAN THE 45-MAN DAYS CITED IN REFTEL A, ESPECIALLY IF ONE CONSIDERS THE AMOUNT OF TIME AND THOUGHT NECESSARY FOR IDENTIFYING, PLANNING, AND IMPLEMENTING EFFECTIVE CAMPAIGNS UNDER A

CAP. AGAINST THE POTENTIAL SAVING, WHATEVER ITS MAGNITUDE, ONE WOULD HAVE TO WEIGH THE POTENTIAL LESSENING OF OIM INTEREST IN AND SUPPORT FOR THE WHOLE RANGE OF TRADE PROMOTION ACTIVITIES IN WHICH COMMERCE (BIC/OIM) IS CURRENTLY PREPARED TO INVEST ITS RESOURCES. BY MOST MEASURES WHICH WE NORMALLY APPLY, YUGOSLAVIA WOULD APPEAR TO BELONG IN THE LIST OF CCP COUNTRIES AND WE WOULD NEED

A STRONG JUSTIFICATION FOR ASKING COMMERCE TO TREAT IT AS AN EXCEPTION.

7. DEPARTMENT IS FINDING THE CCPS INCREASINGLY USEFUL AS A SOURCE OF INFORMATION NEEDED BY EB/OCA AND THE GEOGRAPHIC BUREAUS FOR REPROGRAMMING POSITIONS UNDER THE NEW PROCEDURES INTRODUCED BY THE PRIORITIES PLANNING GROUP (PPG).

8. ACTION REQUESTED. EMBASSY IS REQUESTED TO PROCEED WITH ITS PREPARATION OF THE INITIAL CCP SUBMISSIONS FOR FY-77 AND FY-78 REQUESTED IN REF B. THE RESOURCE ALLOCATION TABLES FOR FY-77 WOULD NOT BE PREPARED UNTIL THE SPRING OF THE YEAR. BY THAT TIME THE EMBASSY WILL HAVE HAD TIME TO SUBMIT ITS RECOMMENDATIONS, IF ANY, ON CHANGING THE CCP STATUS OF YUGOSLAVIA, AND THE DEPARTMENT WILL HAVE HAD A CHANCE TO DISCUSS SUCH RECOMMENDATIONS, IF ANY, WITH COMMERCE. WORK DONE BY THE EMBASSY ON ITS FY-77 AND 78 COMMERCIAL PROGRAM DURING THE FIRST THREE MONTHS OF THIS CALENDAR YEAR WILL BE EQUALLY USEFUL IN EITHER A CCP OR A CAP. KISSINGER

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